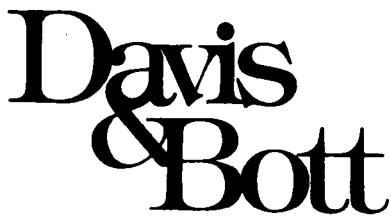


**Plymouth Town
June 30, 2005**

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Certified Public Accountants, L.C.

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The Honorable Mayor and
Members of the Plymouth Town Council
Plymouth Town
Plymouth, Utah 84330

We have compiled the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Plymouth, Utah, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The management's discussion and analysis and budgetary comparison information, on pages 2 through 9 and on pages 30 and 31, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent with respect to Plymouth Town.

A handwritten signature in cursive script that reads "Davis & Bott".

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
June 16, 2006

**Plymouth Town
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

As management of Plymouth, Utah, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2005.

FINANCIAL HIGHLIGHTS

- A. The assets of the Town exceeded its liabilities at June 30, 2005, by \$1,099,585. Of this amount, unrestricted net assets of \$127,363 may be used to meet the Town's ongoing obligations to citizens and creditors.
- B. The total net assets decreased by \$3,215 from the prior year. This resulted from a decrease of \$6,316 associated with governmental activities and an increase of \$3,101 with business-type activities.
- C. As of the close of the fiscal year ended June 30, 2005, the Town's governmental fund reported an ending fund balance of \$(47,203), a decrease of \$72,266 in comparison with the prior year. Of this amount, \$(93,972) is unreserved and \$46,769 has been reserved due to legal restrictions involving parties outside the financial reporting entity.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

See Accountants' Report

Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005

The statement of activities presents information showing how the Town's net assets changed during the fiscal year ended June 30, 2005. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, parks and recreation. The business-type activities of the Town consist of culinary water.

The government-wide financial statements include not only the Town itself (known as the primary government) but also a legally separate Redevelopment Agency, which is a component unit of the Town. Financial information for this component unit is reported entirely within the primary government report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at June 30, 2005. Such information may be useful in evaluating a government's near-term financing requirements.

Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Town maintains only one governmental fund, the general fund. The Town adopts a one-year budget for the general fund. A budgetary comparison schedule has been provided.

Proprietary Funds. The Town maintains only one type of proprietary fund; namely, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented in the proprietary statement of net assets and the proprietary statement of revenues, expenses and changes in fund net assets for the water utility fund.

Notes to the financial statements. The notes provide additional information that is essential to a fuller understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2005, the Town's assets exceeded liabilities by \$1,099,585. By far the largest portion of the Town's net assets (78 percent) reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005

Plymouth Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other						
assets	\$ 151,368	\$ 145,039	\$ 147,472	\$ 132,580	\$ 298,840	\$ 277,619
Capital assets	<u>667,465</u>	<u>680,705</u>	<u>235,957</u>	<u>253,888</u>	<u>903,422</u>	<u>934,593</u>
Total assets	<u>818,833</u>	<u>825,744</u>	<u>383,429</u>	<u>386,468</u>	<u>1,202,262</u>	<u>1,212,212</u>
Long-term liabilities						
outstanding	-	13,000	22,500	30,000	22,500	43,000
Other liabilities	<u>71,317</u>	<u>58,912</u>	<u>8,860</u>	<u>7,500</u>	<u>80,177</u>	<u>66,412</u>
Total liabilities	<u>71,317</u>	<u>71,912</u>	<u>31,360</u>	<u>37,500</u>	<u>102,677</u>	<u>109,412</u>
Net assets:						
Investment in						
capital assets,						
net of related						
debt	654,465	655,705	205,957	216,388	860,422	872,093
Restricted	111,800	89,539	-	-	111,800	89,539
Unrestricted	<u>(18,749)</u>	<u>8,588</u>	<u>146,112</u>	<u>132,580</u>	<u>127,363</u>	<u>141,168</u>
Total net assets	<u>\$ 747,516</u>	<u>\$ 753,832</u>	<u>\$ 352,069</u>	<u>\$ 348,968</u>	<u>\$ 1,099,585</u>	<u>\$ 1,102,800</u>

The restricted portion of the net assets \$111,800 (10 percent) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net assets \$127,363 (12 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

At June 30, 2005, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its governmental and business-type activities.

See Accountants' Report

**Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005**

Plymouth Town's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 58,163	\$ 57,407	\$ 37,518	\$ 46,850	\$ 95,681	\$ 104,257
Operating grants and contributions	28,089	36,944	-	-	28,089	36,944
Capital grants and contributions	-	72,444	-	-	-	72,444
General revenues:						
Property taxes	-	-	-	-	-	-
Other taxes	39,100	36,121	-	-	39,100	36,121
Other	<u>552</u>	<u>1,268</u>	<u>2,955</u>	<u>1,692</u>	<u>3,507</u>	<u>2,960</u>
Total revenues	<u>125,904</u>	<u>204,184</u>	<u>40,473</u>	<u>48,542</u>	<u>166,377</u>	<u>252,726</u>
Expenses:						
General government	55,415	52,042	-	-	55,415	52,042
Public safety	38,174	43,188	-	-	38,174	43,188
Streets and public works	874	3,846	-	-	874	3,846
Parks and recreation	36,200	36,813	-	-	36,200	36,813
Interest on long-term debt	1,557	2,202	-	-	1,557	2,202
Water utility	<u>-</u>	<u>-</u>	<u>37,372</u>	<u>32,794</u>	<u>37,372</u>	<u>32,794</u>
Total expenses	<u>132,220</u>	<u>138,091</u>	<u>37,372</u>	<u>32,794</u>	<u>169,592</u>	<u>170,885</u>
Increase (decrease) in net assets	(6,316)	66,093	3,101	15,748	(3,215)	81,841
Net assets July 1, 2004	<u>753,832</u>	<u>687,739</u>	<u>348,968</u>	<u>333,220</u>	<u>1,102,800</u>	<u>1,020,959</u>
Net assets June 30, 2005	<u>\$ 747,516</u>	<u>\$ 753,832</u>	<u>\$ 352,069</u>	<u>\$ 348,968</u>	<u>\$ 1,099,585</u>	<u>\$ 1,102,800</u>

See Accountants' Report

**Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005**

Governmental and Business-Type Activities. Governmental activities decreased the Town's net assets by \$6,316. When combined with the \$4,670 increase in net assets from business-type activities, overall net assets decreased by \$1,646 or .15 percent.

The decrease in governmental net assets is mainly due to funds withheld by the state. The increase in the business-type activities is consistent with the prior year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds. The purpose of the Town's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at June 30, 2005.

The general fund is the Town's chief operating fund. At June 30, 2005, unreserved fund balance of the general fund was \$(93,972) and the reserved fund balance was \$46,769. The total general fund balance represents (36) percent of total general fund expenditures. The fund balance of the Town's general fund decreased by \$72,266 during the fiscal year ended June 30, 2005. This increase was mainly due to tax and Class "C" revenue being withheld by the State.

The water utility fund's net assets increased by \$4,670. This was due mainly to trying to accumulate funds for future system improvements.

**Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005**

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for fiscal year 2005 was not amended. The parks and recreation budget was overspent mainly due to insufficient budgeting. The debt service budget was exceeded due to not budgeting for interest.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental and business-type activities at June 30, 2005, amounted to \$903,422 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, equipment, roads and similar infrastructure. The total decrease in the Town's investment in capital assets for the fiscal year ended June 30, 2005, was \$31,171 (a decrease of 2 percent for governmental activities and a decrease of 7 percent for business-type activities).

**Plymouth Town's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 5,000	\$ 5,000	\$ 13,500	\$ 13,500	\$ 18,500	\$ 18,500
Buildings	349,976	358,293	-	-	349,976	358,293
Improvements other than buildings	19,322	20,369	222,457	240,388	241,779	260,757
Equipment	<u>293,167</u>	<u>297,043</u>	<u>-</u>	<u>-</u>	<u>293,167</u>	<u>297,043</u>
Net capital assets	<u>\$ 667,465</u>	<u>\$ 680,705</u>	<u>\$ 235,957</u>	<u>\$ 253,888</u>	<u>\$ 903,422</u>	<u>\$ 934,593</u>

Additional information on the Town's capital assets can be found in Note 3 on pages 25 and 26 of this report.

See Accountants' Report

**Plymouth Town
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2005**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town completed all requirements needed to secure the release of their funds from the State, but the State failed to release the funds. The Town is again completing all requirements to receive the funds.

See Accountants' Report

Plymouth Town
Statement of Net Assets
June 30, 2005

	Primary Government		
	<u>Governmental</u>	<u>Business-</u>	
	<u>Activities</u>	<u>Type</u>	
		<u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,571	\$ 89,978	\$ 95,549
Accounts receivable - net	3,345	4,828	8,173
Intergovernmental receivable	195,118	-	195,118
Internal balances	(52,666)	52,666	-
Capital assets (net of accumulated depreciation)			
Land	5,000	13,500	18,500
Buildings	349,976	-	349,976
Improvements	19,322	222,457	241,779
Equipment	<u>293,167</u>	<u>-</u>	<u>293,167</u>
Total assets	<u>818,833</u>	<u>383,429</u>	<u>1,202,262</u>
LIABILITIES			
Accounts payable and accrued liabilities	109	1,360	1,469
Deferred revenue	58,208	-	58,208
Current portion of long-term debt	13,000	7,500	20,500
Revenue bonds payable	<u>-</u>	<u>22,500</u>	<u>22,500</u>
Total liabilities	<u>71,317</u>	<u>31,360</u>	<u>102,677</u>
NET ASSETS			
Invested in capital assets, net of related debt	654,465	205,957	860,422
Reserved for Class "C" roads	111,800	-	111,800
Unrestricted	<u>(18,749)</u>	<u>146,112</u>	<u>127,363</u>
Total net assets	<u>\$747,516</u>	<u>\$352,069</u>	<u>\$1,099,585</u>

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Activities
For the Year Ended June 30, 2005

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 55,415	\$ 1,178	\$ -	\$ -	\$ (54,237)	\$ -	\$ (54,237)
Public safety	38,174	35,546	-	-	(2,628)	-	(2,628)
Highways and streets	874	-	28,089	-	27,215	-	27,215
Parks and recreation	36,200	21,439	-	-	(14,761)	-	(14,761)
Interest on long- term debt	1,557	-	-	-	(1,557)	-	(1,557)
	<u>132,220</u>	<u>58,163</u>	<u>28,089</u>	<u>-</u>	<u>(45,968)</u>	<u>-</u>	<u>(45,968)</u>
Business-type activities:							
Water utility	37,372	37,518	-	-	-	146	146
Total primary government activities	<u>\$ 169,592</u>	<u>\$ 95,681</u>	<u>\$ 28,089</u>	<u>\$ -</u>	<u>(45,968)</u>	<u>146</u>	<u>(45,822)</u>
General revenues:							
Taxes:							
General sales and use taxes					39,100	-	39,100
Unrestricted investment earnings					552	2,955	3,507
Total general revenues					<u>39,652</u>	<u>2,955</u>	<u>42,607</u>
Change in net assets					(6,316)	3,101	(3,215)
Net assets - beginning (as restated)					<u>753,832</u>	<u>348,968</u>	<u>1,102,800</u>
Net assets - ending					<u>\$ 747,516</u>	<u>\$ 352,069</u>	<u>\$ 1,099,585</u>

See accompanying notes and Accountants' Report

Plymouth Town
Balance Sheet - Governmental Fund
For the Year Ended June 30, 2005

	General Fund
ASSETS	
Cash and cash equivalents	\$ 5,571
Receivables (net):	
Property tax	54,864
Sales tax	75,221
Ambulance service	3,345
Class "C" road	<u>65,033</u>
Total assets	<u>\$ 204,034</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 109
Advance from other fund	52,666
Deferred revenue	<u>198,462</u>
Total liabilities	<u>251,237</u>
Fund balances:	
Reserved for Class "C" roads	46,769
Unreserved	<u>(93,972)</u>
Total fund balances	<u>(47,203)</u>
Total liabilities and fund balances	<u>\$ 204,034</u>

See accompanying notes and Accountants' Report

Plymouth Town
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Assets
June 30, 2005

Total fund balances -
governmental fund types \$ (47,203)

Amounts reported for governmental
activities in the statement of net
assets are different because:

Capital assets used in governmental
activities are not financial
resources and, therefore, are
not reported in the funds. 667,465

Long-term liabilities, including
bonds payable, are not due and
payable in the current period and,
therefore, are not reported in the
funds. (13,000)

Revenues not considered available
are deferred in the funds. 140,254

Net assets of government
activities \$ 747,516

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Fund
For the Year Ended June 30, 2005

	General <u>Fund</u>
Revenues:	
Taxes	
Property	\$ -
Licenses and permits	1,554
Charges for services	56,609
Interest income	551
Total revenues	<u>58,714</u>
Expenditures:	
Current:	
General government	47,320
Public safety	38,484
Streets and public works	24
Parks and recreation	31,595
Debt service:	
Principal retirement	12,000
Interest and fiscal charges	1,557
Total expenditures	<u>130,980</u>
Excess of revenues over (under) expenditures	<u>(72,266)</u>
Fund balance at July 1, 2004	<u>25,063</u>
Fund balance at June 30, 2005	<u>\$ (47,203)</u>

See accompanying notes and Accountants' Report

Plymouth Town
Reconciliation of Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - governmental fund	\$ (72,266)
---	-------------

The governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in current period.	(13,240)
---	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	67,190
--	--------

The issuance of long-term debt (e.g. bonds, leases, etc.) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>12,000</u>
--	---------------

Change in net assets of governmental activities	\$ <u><u>(6,316)</u></u>
---	--------------------------

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Net Assets - Proprietary Fund
June 30, 2005

	<u>Enterprise Fund</u> <u>Water Utility</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 89,978
Accounts receivable	<u>4,828</u>
Total current assets	<u>94,806</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Land	13,500
Improvements	<u>222,457</u>
Total capital assets	<u>235,957</u>
Other assets:	
Advance to other fund	<u>52,666</u>
Total noncurrent assets	<u>288,623</u>
Total assets	<u>383,429</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,360
Current portion of long-term debt	<u>7,500</u>
Total current liabilities	<u>8,860</u>
Noncurrent liabilities:	
Loan payable - revenue bonds	<u>22,500</u>
Total noncurrent liabilities	<u>22,500</u>
Total liabilities	<u>31,360</u>
NET ASSETS	
Invested in capital assets, net of related debt	205,957
Unrestricted	<u>146,112</u>
Total net assets	<u>\$ 352,069</u>

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Revenues, Expenses and Changes in
Fund Net Assets - Proprietary Fund
For the Year Ended June 30, 2005

	<u>Enterprise Fund</u> <u>Water Utility</u>
Operating revenues:	
Sales	\$ 36,032
Hook-up fees	<u>1,486</u>
Total operating revenues	37,518
Operating expenses:	
Wages and benefits	2,400
Materials and supplies	12,878
Utilities	2,994
Depreciation	17,931
Miscellaneous	<u>1,169</u>
Total operating expenses	37,372
Operating income	146
Nonoperating revenues (expenses)	
Interest revenue	<u>2,955</u>
Change in net assets	3,101
Total net assets - beginning	<u>348,968</u>
Total net assets - ending	<u>\$ 352,069</u>

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2005

	<u>Enterprise Fund</u> <u>Water Utility</u>
Cash flows from operating activities:	
Receipts from customers	\$ 39,087
Payments to suppliers	(15,681)
Payments to employees	<u>(2,400)</u>
Net cash provided by operating activities	<u>21,006</u>
 Cash flows from noncapital financing activities:	
Loan to other fund	<u>(52,666)</u>
 Cash flows from capital and related financing activities:	
Principal paid on capital debt	<u>(7,500)</u>
 Cash flows from investing activities:	
Interest and dividends received	<u>2,955</u>
 Net increase in cash and cash equivalents	(36,205)
 Cash and cash equivalents - beginning	<u>126,183</u>
 Cash and cash equivalents - end	<u><u>\$ 89,978</u></u>

See accompanying notes and Accountants' Report

Plymouth Town
Statement of Cash Flows - Proprietary Fund (Continued)
For the Year Ended June 30, 2005

	<u>Enterprise Fund</u> <u>Water Utility</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>146</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	17,931
Decrease (increase) in accounts receivable	1,569
(Increase) decrease in accounts payable	<u>1,360</u>
Total adjustments	<u>20,860</u>
 Net cash provided by operating activities	 \$ <u><u>21,006</u></u>

See accompanying notes and Accountants' Report

Plymouth Town
Notes to Financial Statements
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The government of Plymouth, Utah, is governed by an elected mayor and a four-member council. These financial statements are presented in accordance with generally accepted accounting principles.

B. Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. All individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Town are reported as a reduction of the related liability rather than an expenditure in the government-wide financial statements.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The government has the following fund types:

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available when collected. Expenditures are recorded when the related fund liability is incurred.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town's only governmental fund is the general fund. The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use of accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Town has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Town has only one proprietary fund, the water utility fund, which delivers culinary water to Town citizens.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with the original maturities of three months or less from the date of acquisition.

E. Capital Assets

Capital assets used in governmental fund type operations are accounted for in the governmental activities column in the statement of net assets, but not in governmental funds. Governmental capital assets consisting of certain improvements other than buildings, including roads, bridges, streets, drainage systems and lighting systems placed in service prior to June 30, 2003, have not been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible capital assets is charged as an expense against its operations in the government-wide financial statements and the proprietary fund financial statements. Accumulated depreciation is reported on the government-wide and proprietary fund statements of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Water system	30 years
Equipment	3 - 20 years

F. Restricted Net Assets

It is the policy of the Town that when an expense can be applied against restricted or unrestricted net assets that it be applied first to restricted assets.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Budget and Budgetary Accounting

The Town follows the budget and budgetary accounting procedures established by Utah law and described in the Uniform Accounting Manual for Utah Cities and Towns with some exceptions.

I. Financial Statement Presentation, Measurement Focus and Basis of Accounting

As of and for the year ended June 30, 2005, the Town implemented the Governmental Accounting Standards Board pronouncements No. 34, 36, 37 and 38. These pronouncements are related to the new financial reporting requirements for all state and local governments. Significant changes can be found in the notes to the basic financial statements, the newly required management's discussion and analysis, and the basic financial statements.

NOTE 2. CASH AND INVESTMENTS

At June 30, 2005, the government's carrying amount of deposits was \$142,763 and the bank balances were \$142,542. Of the bank balances, \$114,132 was covered by federal depository insurance and \$28,410 was uncollateralized. The Town has not formally adopted a deposit and investment policy.

Statutes authorize Plymouth, Utah, to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Records and the State Treasurer's Investment Pool. The Town had no investments during the year ended June 30, 2005.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 3. CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2005:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital assets being depreciated:				
Buildings	413,278	-	-	413,278
Improvements	20,921	-	-	20,921
Machinery and equipment	<u>329,809</u>	<u>16,964</u>	<u>-</u>	<u>346,773</u>
Total capital assets being depreciated	<u>764,008</u>	<u>16,964</u>	<u>-</u>	<u>780,972</u>
Less accumulated depreciation:				
Buildings	54,985	8,317	-	63,302
Improvements	553	1,046	-	1,599
Machinery and equipment	<u>32,765</u>	<u>20,841</u>	<u>-</u>	<u>53,606</u>
Total accumulated depreciation	88,303	30,204	-	118,507
Total capital assets being depreciated - net	<u>675,705</u>	<u>(13,240)</u>	<u>-</u>	<u>662,465</u>
Governmental activities capital assets - net	<u>\$680,705</u>	<u>\$ (13,240)</u>	<u>\$ -</u>	<u>\$667,465</u>

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 3. CAPITAL ASSETS (Continued)

Business-Type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
Capital assets being depreciated:				
Improvements	<u>537,924</u>	<u>-</u>	<u>-</u>	<u>537,924</u>
Less accumulated depreciation:				
Improvements	<u>297,536</u>	<u>17,931</u>	<u>-</u>	<u>315,467</u>
Business-type activities capital assets - net	<u>\$253,888</u>	<u>\$ (17,931)</u>	<u>\$ -</u>	<u>\$235,957</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 8,095
Public safety	16,654
Streets and public works	850
Parks and recreation	<u>4,605</u>
Total depreciation expense governmental activities	<u>\$ 30,204</u>

Business-Type Activities:

Water utility	<u>\$ 17,931</u>
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See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 4: LONG-TERM DEBT

Proprietary Fund:

Revenue Bond:

Water bond in the amount of \$150,000 due in twenty (20) annual installments of \$7,500 through January, 2009; no interest unless payment is delinquent.

Balance at June 30, 2005	\$30,000
Current portion	<u>(7,500)</u>
	<u>\$ 22,500</u>

General Fund:

General Obligation Bond:

On May 9, 1996, the Town financed the construction of a public building with general obligation bonds; original issue was \$100,000. This debt is payable in annual principal installments ranging from \$8,000 to \$13,000 plus interest with a rate ranging from 5.10 percent to 5.85 percent. Bonds are callable on or any time after May 1, 2001.

Changes in Long-Term Liabilities:

During the year ended June 30, 2005, the following changes occurred in long-term debt liabilities:

	Balance June 30, <u>2004</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2005</u>	Amounts due within <u>one year</u>
General obligation bond	<u>\$25,000</u>	<u>\$ -</u>	<u>\$12,000</u>	<u>\$13,000</u>	<u>\$13,000</u>
Revenue bond	<u>\$37,500</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$30,000</u>	<u>\$ 7,500</u>

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 4: LONG-TERM DEBT (Continued)

Debt Service Requirements

The debt service requirements, including interest and principal, for long-term debt at June 30, 2005, are as follows:

Year Ending <u>June 30</u>	<u>Governmental Fund</u>			<u>Proprietary Fund</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal and Total</u>
2006	\$13,000	\$761	\$13,761	\$ 7,500
2007	-	-	-	7,500
2008	-	-	-	7,500
2009	-	-	-	7,500
2010	-	-	-	-
	<u>\$ 13,000</u>	<u>\$ 761</u>	<u>\$ 13,761</u>	<u>\$ 30,000</u>

NOTE 5. RESERVATION/DESIGNATION OF FUND EQUITY

The reserved fund balance in the general fund is money received from the state as Class "C" road money that has not been spent. The water fund has designated \$14,132 to pay future payments on the revenue bond.

NOTE 6. PROPERTY TAX

Property taxes attached as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. Property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the fiscal year ended June 30, 2005. This policy meets the criteria of GASB.

See Accountants' Report

Plymouth Town
Notes to Financial Statements (Continued)
June 30, 2005

NOTE 7. RISK MANAGEMENT

Plymouth, Utah, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to persons providing services to the Town; and natural disasters. All general liability, real property, vehicles, including heavy equipment and injuries to persons providing services to the Town are insured through the Utah Local Government Trust. Settled claims have not exceeded the Town's insurance. For insured programs, there have been no significant reductions in insurance coverage.

NOTE 8. STEWARDSHIP AND COMPLIANCE

The general fund had a deficit fund balance of \$(47,203) as of June 30, 2005. This deficit is caused by the state of Utah's continued hold on the Town's funds. The deficit will be restored when the funds are released.

The general fund had expenditures in excess of budget for the year ended June 30, 2005, in the following departments. This is a violation of state law.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Parks and recreation	\$ 31,595	\$ 16,000	\$ 15,595
Debt service	\$ 13,557	\$ 12,000	\$ 1,557

NOTE 9. INTERFUND LOAN

The water fund has loaned the general fund money to help cover expenditures until the Town's funds are released by the State of Utah. The release is expected to take place between July and September, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

Plymouth Town
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes				
Property	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Sales	32,000	32,000	-	(32,000)
Licenses and permits	3,000	3,000	1,554	(1,446)
Intergovernmental	14,000	14,000	-	(14,000)
Charges for services	64,000	65,300	56,609	(8,691)
Interest income	<u>6,000</u>	<u>6,000</u>	<u>\$ 551</u>	<u>(5,449)</u>
Total revenues	<u>149,000</u>	<u>150,300</u>	<u>58,714</u>	<u>(91,586)</u>
Expenditures:				
Current				
General government	50,000	50,000	47,320	2,680
Public safety	63,000	63,000	38,484	24,516
Streets and public works	8,000	8,000	24	7,976
Parks and recreation	16,000	16,000	31,595	(15,595)
Debt service:				
Principal retirement	12,000	12,000	12,000	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,557</u>	<u>(1,557)</u>
Total expenditures	<u>149,000</u>	<u>149,000</u>	<u>130,980</u>	<u>18,020</u>
Excess of revenues over (under) expenditures	-	1,300	(72,266)	(73,566)
Fund balance at beginning of year	<u>25,063</u>	<u>25,063</u>	<u>25,063</u>	<u>-</u>
Fund balance at end of year	<u>\$ 25,063</u>	<u>\$ 26,363</u>	<u>\$ (47,203)</u>	<u>\$ (73,566)</u>

See Accountants' Report

MANTUA TOWN
NOTE TO BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
June 30, 2005

The general fund had expenditures in excess of budget for the year ended June 30, 2005, in the following departments. This is a violation of state law.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Parks and recreation	\$ 31,595	\$ 16,000	\$ 15,595
Debt service	\$ 13,557	\$ 12,000	\$ 1,557

See Accountants' Report